

U.S. Weighs Payments to Jobless and Retired Russians

By Don Oberdorfer
Washington Post Service

WASHINGTON — The Clinton administration is considering creating a multi-billion-dollar program that would serve as a safety net for Russians facing hardships from hyperinflation and economic restructuring.

The New York investor George Soros said he endorsed a \$10 billion version of the safety net program in his own letter last week to officials of the United States, all of which would be called on to contribute to the fund. The other nations are Britain, France, Germany, Italy, Canada and Japan.

School of Advanced International Studies, who was a campaign adviser to Mr. Clinton on Russian affairs, said he endorsed the safety net and other costly proposals in a long postelection memorandum to Mr. Clinton. While saying such aid is essential, Mr. Mandelbaum suggested that it is unlikely to be adopted in the current U.S. political climate.

Mr. Clinton has repeatedly identified Russia as among his highest foreign policy priorities and, in an initial effort to help shore up democracy there, he authorized an increase in U.S. security assistance in fiscal 1994 from about \$400 million to more than \$700 million.

While this fell far short of the billions of dollars the Russians are seeking, administration sources said any increase represents an important signal to Russia in the context of major cuts in the U.S. foreign aid budget.

Showdown Nears On Yeltsin Power

By Serge Schmemmann
New York Times Service

MOSCOW — The Russian parliament voted Friday to summon an emergency session of the full Congress of Peoples' Deputies next week, setting the legislative branch on course for a major showdown with President Boris N. Yeltsin.

Key elements of the proposal, Mr. Soros said, include cash payments to Russians thrown out of work by the shutdown of inefficient or unneeded industries; help for pensioners hurt by inflation; and supplemental pay for army, police, teachers and customs officials.

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U.S. Repudiates Its Envoy in Israel

WASHINGTON (Reuters) — The United States on Friday repudiated remarks by its ambassador to Israel, who suggested that Washington may have to cut its \$3-billion annual aid to the Jewish state.

Ambassador William Harrop told Tel Aviv businessmen on Thursday that it was not prudent for Israel, the biggest recipient of U.S. aid, to cut on the United States for 7 to 8 percent of its national budget.

French Rightist Backs Bonn's UN Bid

PARIS (Reuters) — A senior opposition leader, Alain Juppé, said Friday that France should back German requests for a permanent seat on the United Nations Security Council.

Mr. Juppé, secretary-general of the conservative Rally for the Republic party and considered a possible foreign minister after parliamentary elections this month, also accused the governing Socialists of acting too slowly to stem the conflict in the former Yugoslavia.

5 Somalis Killed in Southern Port

MOGADISHU, Somalia (Reuters) — Five Somalis were killed in the southern Somalia port of Kismayu on Friday, four of them in gunbattles with Belgian troops, the United States military said.

Colonel Peck said the United States was going ahead with plans to withdraw 1,000 troops from Kismayu. He said the situation in Kismayu, scene of fierce battles last week between warring forces, was now normal. The 700 Belgian troops would take over policing of the city after the Americans leave on Saturday.

Italy Moves to Limit Scandal Fallout

ROME (Reuters) — The Italian cabinet approved a package of measures Friday designed to limit the political damage from a huge corruption scandal that has shaken the ruling order.

The measures include a decree that will change the law on political party funding — a central issue in the current scandal — to turn what is now a serious crime into a minor offense. The package also includes bills to extend the use of plea bargaining, allowing suspended sentences for those accused of corruption over party financing as long as they confess and pay heavy fines.

Attacks Ebb But Are Far From Over, Bonn Says

BERLIN — After three months of huge demonstrations against neo-Nazi violence and a highly publicized police crackdown on Germany's far right, the number of anti-foreigner attacks has dropped.

But every weekend still brings new assaults on refugees, neo-Nazis continue to wage violent street battles with left-wing youths, and domestic intelligence officials warn that warmer weather will most likely bring another wave of attacks.

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South Africa Fringe Is Aboard for Talks

JOHANNESBURG — The broadest and surly the oldest assortment of South African political rivals ever assembled in the same room gathered Friday around an enormous doughnut-shaped table to resume the quest for a new democracy.

With the South African government and the African National Congress now agreed on the route away from white rule, the conference began the tedious process of pulling together a broader consensus.

At Least 77 Feared Dead in Macedonia Air Crash

SKOPJE, Macedonia — A jet carrying 97 people crashed just after takeoff Friday during a snowstorm in the Macedonian capital, and 77 people were feared killed.

Twenty people were taken by a United Nations helicopter to a military hospital, UN officials said. The cause of the crash was not known, but Belgrade radio said an initial investigation indicated that one of the Fokker 100's two engines apparently failed during takeoff on a flight to Zurich.

30 Blacks Die in Ambush

Ten blacks were killed Friday in an ambush in Natal Province, Reuters reported from Johannesburg.

A police spokesman said four men and six women traveling in a minibus were killed, and three people were wounded, in the ambush near the Table Mountain area.



Naiza Yeltsin, the wife of President Boris N. Yeltsin of Russia, went ice fishing in Tavriovo, where the Yeltsins have a home, while her husband held talks with President Mamo Koivisto of Finland.

Russia to Base Aid Flights at NATO Field

By Michael R. Gordon
New York Times Service

WASHINGTON — Much of eastern Bosnia remains cut off from ground convoys of relief supplies despite the Clinton administration's efforts to persuade Serbian forces to lift their sieges, according to American officials.

The inability to get convoys to much of eastern Bosnia led the UN High Commissioner for Refugees to object to Mr. Aspin's statement earlier this week that the Pentagon was considering suspending the relief flights to assess the situation, the Pentagon said Thursday.

On the third day, four C-130s dropped 28 bundles on Konjevic. Colonel James Pardew, the assistant director for intelligence for the Joint Chiefs of Staff, said Pentagon radio operations indicate that at least two were recovered.

On Tuesday, Defense Secretary Les Aspin said the airdrops were having this effect. The American airdrop mission, he said, had been a "great success" by persuading Serb forces to lift their sieges.

At the end of the trial of the painter, Bernd Tember, who was accused of throwing a gasoline bomb at a police officer, prosecutors suddenly reduced the charges to attempted assault and possession of a dangerous weapon.

Bosnia: Clinton Plans Tighter Embargo on Serbia

(Continued from page 1)

communications director, said that four other vessels had been stopped during the past month, and that shipments along the Danube had also slowed.

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Vatican Denies That Nuns in Peril Could Use the Pill

ROME — A controversy initially stirred by Pope John Paul II's public opposition to abortion for victims of rape in Bosnia-Herzegovina has prompted the Vatican to issue a highly unusual denial that it ever permitted the use of contraceptive pills by Roman Catholic nuns in dangerous areas.

Rather than abortion, the Pope urged that the children of rape victims be adopted. Catholic publications have reported that several nuns became pregnant after being raped in the former Yugoslav area.

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AMERICAN TOPICS

Political Correctness Under Frontal Attack

A dozen scholars, concerned that "political correctness" is undermining education, have formed an accrediting association, the American Academy for Liberal Education...

The scholars say that liberal arts education has been nibbled away almost to irrelevance, and faddish courses substituted for solid surveys in literature, history and philosophy...

The group proposes 17 standards for a liberal education. These include assessing the importance of teaching over to research; having senior faculty members teach introductory courses...

The scholars acknowledged that their efforts were in part a response to what they see as a left-wing, multicultural, standard-lowering movement on many campuses...

Shor: Takes

Los Angeles school pupils are beginning to carry fake guns. Six were confiscated last year, as well as 200 real guns...

Americans have grown more religious in the last two centuries, according to Roger Finkle of the University of Washington and Rodney Stark of Purdue...

When President Bill Clinton visited Capitol Hill last week, Republican senators presented him with a copy of a mystery, "Murder in the Senate..."

Arthur Higbee

Hong Kong Governor Again Delays Disclosing Plan

By Barbara Basler

HONG KONG — The governor of Hong Kong announced Friday that he would once again delay submitting his plan for democratic reform to the legislature...

In a short speech to a tense and attentive Legislative Council, Governor Chris Patten maintained his support of the proposals to extend democracy here...

The governor told legislators that at the beginning of the week, China had replied to British proposals for formal talks on the political "arrangements" for the territory's last years under the British...

He said diplomatic exchanges on the nature of the talks showed that "there remain only a few points of disagreement which could and should be resolved..."

Mr. Patten added that "in the meantime we judge it best to defer for a fourth time the official announcement of the political bills. He offered to date for any talks..."

In the four months since Mr. Patten announced his proposals, the Chinese leadership has bitterly denounced the plans, and issued stinging personal attacks against the governor...

The proposals, which would broaden the voter base in the legislative elections, and put elected officials on a committee set up to approve a new executive in 1997, have been attacked by Beijing as meddling, inappropriate and in direct contradiction of the Basic Law that will govern Hong Kong after the takeover...

Mr. Patten's announcement, which was carried live on television and radio here, sent the sensitive and always volatile Hong Kong stock market soaring to a record high. Brokers said investors were relieved Mr. Patten had delayed introducing his bills and that he had avoided any move that might jeopardize talks with China...

Mr. Patten, who is recovering from a heart problem that forced his hospitalization earlier this year, appeared confident and spoke forcefully of his support for the reform package.

"Others will have to explain," he went on, "if there are talks, what their position is." Although Beijing has demanded that the plans be completely abandoned before any new discussions on the colony's political development take place, Prime Minister Li Peng expressed interest this week in having the two sides sit down together for talks about the situation...



Governor Chris Patten meeting Friday with the Legislative Council and defending his delay of a bill on democratic reform.

Joseph Cheng, a former university professor who has written extensively on Chinese-British relations, said Friday that Mr. Patten did not appear to be backing down from his proposals. Both sides, he said, see that it is in their interests to resume talks and shore up Hong Kong's confidence.

For Margarine Eaters, Another Slice of Bad News on Risks

By Marian Burros

NEW YORK — Women who eat four or more teaspoons of margarine a day have a 50 percent greater risk of developing heart disease than women who eat margarine only once a month, according to a study published Friday in the British medical journal Lancet.

And those women who eat large amounts of other forms of solid and semi-solid vegetable fat, the equivalent of six or more teaspoons of margarine a day, increase their risk of heart disease by 70 percent. These types of vegetable fats are found in cookies, cakes and fried fast food.

The findings are one more piece of evidence that margarine and other solid or semi-solid vegetable oils are not the best alternative to butter, lard, beef tallow and tropical oils.

Although no one is suggesting that people break out the butter dish, the data are most likely to make people who try to do the right thing nutritionally a little less certain about what the right thing is. The oils that cause the problems are produced when food manufacturers convert vegetable oils to margarine or shortenings that are solid or semi-solid at room temperature through hydrogenation.

This process creates trans-fatty acids, which act like saturated fats; they raise cholesterol levels, which contribute to heart disease by clogging the arteries and driving the blood to the heart.

Dr. Walter Willett, professor and chair-

man of the department of Nutrition at Harvard School of Public Health, who conducted the study, said: "We are not suggesting that we should go back to butter, but rather, that vegetable oils should be used in their natural state, like olive oil, corn oil or canola oil. Nor does his data change the current nutritional wisdom that Americans must reduce their intake of all

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INTERNATIONAL FUNDS

March 5, 1993

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INTERNATIONAL Herald Tribune

Meet Sheriff Clinton

Is President Bill Clinton a free-trader? He says, sure, free trade makes the world go round. But he quickly adds that America will not swallow any... Mr. Clinton is hardly the first president to sing the good-coop, bad-coop tune...

Jaruzelski Rethinks

General Wojciech Jaruzelski is twice guaranteed a large place in Polish history. In December 1981, he was the tough-minded Communist boss who imposed martial law to crush Solidarity, the grass-roots labor movement...

Taking Aim at Guns

Gunfire is loudest not in the places where the long guns of sport are fired by law-abiding men and women but in the streets, homes, offices and stores where handguns and weapons of war abound...

A Place for the Man Who Can Save Russia

NEW YORK — Those who would disagree, as I do, with some of the specific proposals in President Bill Clinton's economic program...

By Richard Nixon

This is the first of two articles.

The Russian democracy is undergoing a deadly crisis. The negative factors are frightening. Even Yeltsin's purported friends are asking whether he can last.

Iraq and Bosnia are not also important, or that the nations of Eastern Europe and the other former Soviet states do not also deserve priority attention where they have democratically elected governments and have initiated serious economic reforms.

act swiftly and decisively, and those like the Civic Union which would rather move more gradually. The fact that all political leaders except for the extreme reactionaries pay at least lip service to a free market economy means there will be no turning back to communism.

The Threat Begins When Aggression Is Tolerated

PARIS — The new world order has arrived. It is well and truly new, consecrating invasion, aggression and ethnic purge as acceptable international conduct...

By William Pfaff

The principal agency of international action, the United Nations Security Council, pursues peace in Yugoslavia by demanding that the victim of aggression, the non-ethnic Bosnian government, halt its resistance to what is being done to its people.

Vance-Owen plan, the world does — with a legalistic demur or two. As in 1938, there is a real risk that the present war will spread, but the way this is likely to come is as a consequence of Serbian victory and subsequent efforts to purge Serbia itself of its Albanian and Hungarian minorities.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen... Editor for Asia: Michael Richardson, 5 Casuarina Rd, Singapore 0511. Tel. 472-7768. Fax 8569283.

Clinton's Numbers Add Up but Three Pitfalls Await

WASHINGTON — President Bill Clinton, after some initial stumbles, has achieved a superb rapport with the electorate. He has inspired ordinary taxpayers to offer sacrifices, and conservative business leaders to accept a surprisingly liberal economic strategy...

By Robert Kattner

growth do not tally. There is nothing in the economic forecasts to warrant the White House projection that unemployment will gradually fall to 5.7 percent by 1997. And even that target would be too high.

Loss of nerve on health reform. At the moment, Mr. Clinton has been public-spirited to overhaul the health system. The solution is a strategy of universal access that would provide health insurance for every American, financed through payments by employers, employees and general taxes.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

- 1893: Rome at Reading LONDON — When the legions of Rome withdrew from Britain they left at Silchester, midway between Basingstoke and Reading, a Roman camp, which was never occupied, having been buried for centuries. Its relics now tell the story of the warriors past to the rooms of the Society of Antiquaries, Burlington House. One of the latest finds was the foundation of an early Christian church of the fourth century. It is understood that eventually the relics will form a loan collection at the Reading Museum, but they remain the property of the Duke of Wellington.
 1943: Red Army Victory LONDON — [From our New York edition:] The Red Army scored its third major victory in a week today (March 6) by capturing Gzhatsk, 100 miles west of Moscow and the nearest point to the Soviet capital in the Germans' crumbling hedgehog defense system on the central front. "After storming the town twice," said a radio Moscow communiqué recorded here, "our troops captured the town of Gzhatsk." The town, 60 miles southeast of recaptured Rzhnev, had been a Nazi spearhead pointed at Moscow for a year and a half. Its capture released a three-directional Russian drive on Vyazma, 35 miles away on the road to Smolensk, the main German base to the west. 1918: Siberian Menace LONDON — A Tzarist dispatch reports: The Chinese Cabinet has decided on the fullest co-operation with Japan. Peking is sending delegates to Japan shortly to consult on military

With India's Moderate Majority

By A. M. Rosenthal

BOMBAY — The chances are that not one of the people at the dinner party in Bombay will ever be elected to anything in India — or even run for office. But the future of this country will depend on them and people like them.

Usually these dinner guests are not political activists at all. The Bombay elite knows that in this city, India's richest, millions live, work, reproduce, eat, defecate, sicken and die on the street — conditions not fit for a dog. Like most people, they will fight for their homes — for them a thin mat on a few yards of pavement.



The Christian Science Monitor. Los Angeles Times Syndicate.

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Speak Out Now On Citizenship Bill

An estimated 50,000 children born overseas to one American parent may soon have the opportunity to be naturalized with less difficulty. A bill introduced by Representative Romano (Ron) Mazzoli, Democrat of Kentucky, called H.R. 783, would in certain cases enable Americans overseas to naturalize a child born or adopted abroad without their having to move back to the United States.

Supporters of the bill envisage a one-step process. The parent and child would make a single trip to the United States for the naturalization, including the child's taking an oath of loyalty to the United States and renouncing ties to other countries. Other provisions would enable about 5,000 indi-

two different situations: First, a child under 18 with a U.S. citizen parent (including an adoptive parent) who does not meet the citizenship transmission requirements can be naturalized so long as he is in the United States seeking permanent residence. (See adjacent box for full text.) Second and more im-



FEDERATED LEAGUE OF AMERICANS AROUND THE GLOBE

parent to forward the application to the Attorney General for consideration prior to the U.S. visit. Upon approval, a specific appointment for taking the oath can be made with a delegate of the Department of Justice anywhere in the United States.

• Permitting the child to take and subscribe the oath of allegiance on a conditional basis, to become effective on approval of the application.

Because the bill stems from a compromise in the last term, it is very possible that amendments will not be considered. In that event, every effort should be made to create legislative history evincing an intention to allow one-stop naturalization.

H.R. 783 would also restore U.S. citizenship to those U.S. citizens at birth who, under prior law, lost their citizenship because they did not meet U.S. physical presence requirements. There would be no need to file an application for naturalization. To regain citizenship, these persons would need only to take an oath.

As a matter of principle, many Americans living overseas will continue to press for a reduction of the physical presence requirements for transmission of citizenship. The ultimate issue is whether there should be time and place restrictions on a citizen's ability to transmit citizenship and, if so (as Congress firmly believes), how the present law can be relaxed.

FLAAG believes that there should be only minimal restrictions upon transmission of citizenship by an American married to a foreigner. The proposal now before Congress offers an opportunity to resolve the overwhelming majority of hardship cases that have been produced by the current restrictive legislation, which dates back only to 1940. We therefore support H.R. 783.

The oath requirement, as applied, is an obstacle. The oath procedure maintains the near total prohibition of being naturalized overseas, and would also affect those Americans reclaiming U.S. citizenship. While overseas oath taking would greatly simplify the proceedings, there is strong opposition in Washington to changing this requirement. It is unlikely that overseas oath taking will become a reality in the near future.

We recognize that certain objections can be made to the suggested legislation. First, not everyone can afford to return to the United States. A trip for at least two family members can be burdensome. Furthermore, it will doubtless take longer to

achieve a meaningful liberalization of the citizenship law once the pressure has been reduced, as many of the severe hardship cases can be resolved in practical terms under the proposed legislation.

In addition, naturalization is not a completely satisfying substitute for the quality of natural-born citizenship. Only a natural-born citizen of the United States can become president. A natural-born citizen cannot be deprived of citizenship but can be judged to have renounced it in certain cases. The government has recently recognized that it should bear the burden of proving an intention to renounce. Citizenship granted under naturalization procedures is subject to revocation as well as revocation in a number of circumstances. Furthermore, a natural-

born citizen can enjoy dual citizenship in almost all circumstances under today's rules, but a person being naturalized must take an oath to renounce all other sovereignties, and as a result may suffer loss of nationality in some countries.

FLAAG believes this bill to be an opportunity to improve the lot of many American families overseas. It is not perfect, but it is a meaningful chance to improve matters. It enjoys strong Congressional support.

Representatives Mazzoli and Berman and Senator Edward Kennedy, Democrat of Massachusetts, are long-standing supporters of the citizenship rights of Americans overseas. Senator Alan Simpson, Republican of Wyoming, the ranking minority member of the Senate Judiciary

Draft Bill - H.R. 783, Sec. 4

CHILD BORN OUTSIDE THE UNITED STATES; APPLICATION FOR CERTIFICATE OF CITIZENSHIP REQUIREMENTS

SEC. 322. (a) A parent who is a citizen of the United States may apply to the Attorney General for a certificate of citizenship on behalf of a child born outside the United States. The Attorney General shall issue such a certificate of citizenship upon proof to the satisfaction of the Attorney General that the following conditions have been fulfilled:

- (1) At least one parent is a citizen of the United States, whether by birth or naturalization.
 - (2) The child is physically present in the United States pursuant to a lawful admission.
 - (3) The child is under the age of 18 years and in the legal custody of the citizen parent.
 - (4) If the parent is an adoptive parent of the child, the child was adopted by the parent before the child reached the age of 16 years.
 - (5) If the citizen parent has not been physically present in the United States or its outlying possessions for a period or periods totaling not less than five years, at least two of which were after attaining the age of fourteen years —
 - (A) the child is residing permanently in the United States with the citizen parent, pursuant to a lawful admission for permanent residence, or
 - (B) a parent of the citizen parent has been physically present in the United States or its outlying possessions for a period or periods totaling not less than five years, at least two of which were after attaining the age of fourteen years.
- (b) Upon approval of the application...the child shall become a citizen of the United States.
- (c) ...this section shall apply to the adopted child of a United States citizen adoptive parent if the conditions specified in such subsection have been fulfilled.

Subcommittee on Immigration and Refugee Affairs, may need to be convinced of the importance of this legislation.

A hearing on the bill has been scheduled for March 10, one of the earliest hearings for the 103rd Congress on legislative matters.

This year, there is an important new player in the game, whose support is assured. In an open campaign letter to Americans abroad on this same FLAAG/MCI-sponsored page in September 1992, Bill Clinton wrote: "There are many things we can do immediately to help Americans abroad. We

will make it easier for you to pass citizenship onto your children."

Since President Clinton is in favor of our ultimate goal, the current partial solution before Congress would seem to have his backing. The bill is a step forward, and FLAAG urges all Americans residing overseas — even those who have no citizenship problem relating to their

family currently pending — to write immediately to Representatives Mazzoli and Berman and Senators Kennedy and Simpson and the U.S. Representatives and Senators from states in which they are eligible to vote, to urge their support of prompt passage of H.R. 783.

Peter C. Alegi
Co-chairman, FLAAG

FLAAG wants to hear from all U.S. citizens, including nonmembers. Of course, we hope you will become a member of FLAAG to help us represent your interests. It is in strength through numbers that we can become more effective. Please let us hear from you. Send in the coupon and become a FLAAG member today.



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Individuals born between 1934 and 1952 to reclaim the U.S. citizenship stripped from them when they were teenagers or young adults for failing to meet the U.S. residency requirements of previous laws.

Representative Mazzoli, chairman of the House Judiciary Subcommittee on International Law, Immigration and Refugees, presided over hearings last year at which several organizations, including FLAAG, pressed for a reduction to one year of the U.S. parent's physical presence requirement for automatic transmission of citizenship (the current requirement is five years, of which two must be after the age of 14). Congress remained reluctant to ease the rules on transmission of citizenship and the subcommittee declined to reduce the U.S. presence requirement.

Representatives of overseas Americans did, however, reach an agreement with the subcommittee on amendments to the 1992 proposal that would at least expedite and facilitate naturalization procedures. Unfortunately, the amended bill did not pass in 1992.

Representative Mazzoli and his staff, with significant support from Representative Harold Berman, Democrat of California, and other members of the full Judiciary Committee, kept their promise to present again as early as possible the amended bill. The bill was filed on Feb. 3.

The proposed naturalization legislation covers

important, if a grandparent (apparently even though an alien) meets the physical presence requirement of five years, two of them after the age of 14, there would be no requirement that the child intended to remain in the United States for permanent residence. In this case, it would be sufficient that the child be present in the United States "pursuant to lawful admission," that the parent apply to the Attorney General for a certificate of citizenship and that the child thereafter take the oath of citizenship (unless waived due to tender age).

The drafter's intent to give preferential treatment to a child whose contacts with the United States relate back for at least two generations is evident. The offspring of other citizens deemed to have insufficient contact with the United States must make up for that defect by taking up permanent residence.

In discussions with congressional staff, overseas residents have raised the issue of the length of stay to complete the process. Many parents will be unable or unwilling to make more than one trip or remain in the United States for a long period while bureaucratic procedures are completed. A one-stop process is the goal, ideally either by changing the proposed bill or by clear statement by the subcommittee of its legislative intent. Some possible steps include:

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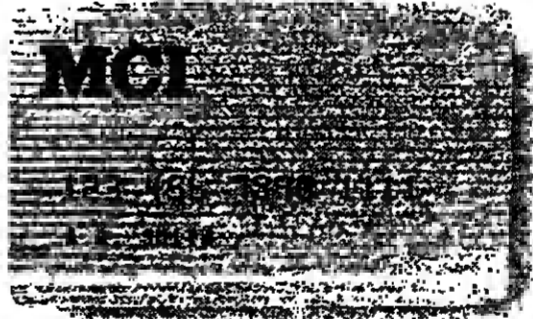
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"Morpeth Bridge" (circa 1802), by Thomas Girtin at the exhibition at the Royal Academy in London.

A Shining Moment in Watercolor In Britain's Great Age, Beginnings of Modern Art

ONDON — As one leaves some exhibitions that focus on a moment of perfection, one wonders why it was not done sooner. "The Great Age of British Watercolours 1750-1880," on view at the Royal Academy until April 12, raises the curtain on one of the unresolved enigmas of Western art history. Suddenly one of the three greatest schools of European landscape painting emerged out of nowhere around the mid-1770s only to disappear as abruptly as it appeared...

not just physical change but different moods. His sunrise view of the gulf is almost classical, with a touch of Claude Lorraine to it. The same view done as dark is falling, with a sense of shadow swallowing up immensity, is quintessentially Romantic. If the two Cozens were an isolated case of breaking out of tradition, their appearance on the art scene would be extraordinary enough. What makes the English blossoming of the 1780s astounding is the multiplicity of such breaks. Francis Towne, the contemporary of John Robert, is as much a mystery as the two Cozens in his way. Born and bred in England, the mountain views he produced around 1781...

Art, Hultén had ample opportunity to advance his friend's international reputation. But there were other enthusiasts as well, including Madame Matisse, and Francis's early contacts in Bern gave him a firm European base. For European viewers, Francis was automatically associated with the radical energy of the Abstract Expressionists, with whom he was often exhibited. Yet despite his admiration for Pollock and his affinity to Rothko, and though he frequented the Cedar Bar, the legendary watering hole of the New York School, when he was in the city, colleagues were wont to think of him as a West Coast (and therefore minor league) painter...

A 'Boggy, Soggy, Squitchy' Vision

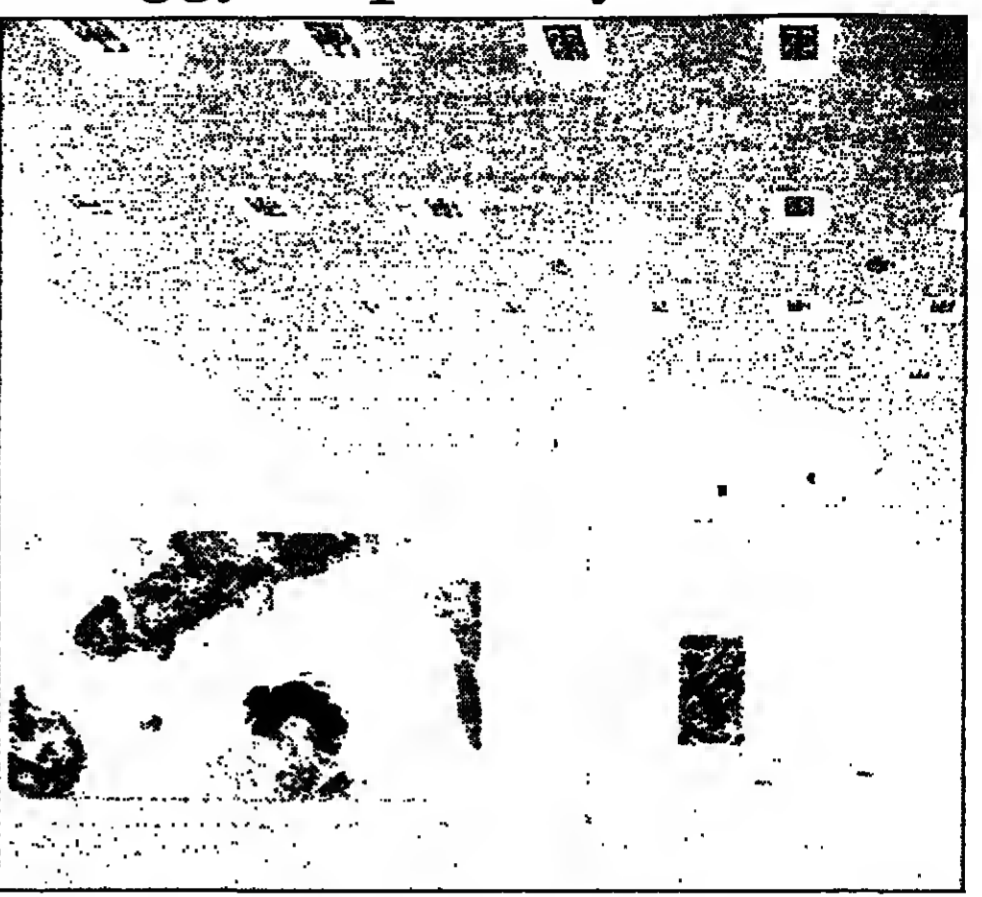
By David Galloway

BONN — The New World has triumphantly invaded Germany's lame-duck capital: billboard-scale canvases glow with the fiery tints of a California sunset, shimmer with Pacific blues, hymn the vastness of western skies. For the first time, art seems unimpeded by the Völkshalle of Bonn's new Bundeskunsthalle, perpetrated by the Austrian architect Gustav Peichl. More than 200 paintings and works on paper by the California-born Sam Francis shrug aside the architectural posturings as effortlessly as Moby Dick dispatched headstrong harpooners.

In this retrospective tribute in honor of the artist's 70th birthday, allusions to Herman Melville's whaling epic are more than coincidental. One of Francis's most enthralling and celebrated works is entitled "The Whiteness of the Whale." Painted in 1957, it dramatizes the central paradox of Melville's classic: the confusing kinship of creativity and destruction, growth and decay, justice and revenge. It also underscores the ambiguity of whiteness itself as symbol of purity and of death, the absence of color and its most complex presence.

His stint in the U.S. Army Air Corps from 1943 to 1945 bizarrely diverted the young medical student Samuel Lewis Francis to an artistic career. After a rough emergency landing, the pilot developed spinal tuberculosis and was bedridden, face down and sheathed in plaster, for most of a year. As cabin-fever therapy, he began to paint, with paper spread on the floor and a hole for his face cut into the mattress. The passion born of necessity led him to art school in Berkeley, then to a Paris atelier, where he worked from 1950 to 1957. While painter colleagues vigorously contested the existential virtues of figuration and abstraction, he absorbed the lessons of Monet's water lilies at the Orangerie, wrote an essay on Bonnard and composed white-on-white or black-on-black paintings whose subject seemed no less than the infinity of space itself.

In 1952 a young Swedish curator and critic named Pontus Hultén spied such canvases in a bookshop on Rue du Dragon. He sought out the artist the first two decades of the 19th century left far behind anything else in Western Europe, excepting Goya. If the greatness of a period finds confirmation in the flashes of genius of its lesser artists, John Linnell's "Regent's Park" does it for this one. In composition, brushwork (the dotted effect) and color scheme, it looks like an Impressionist work of 1874 in miniature size. But the date is 1812. David Cox, the last great revelation in the show, created his own world. "A Train Near the Coast," Romantic in feeling and sparse in detail, escapes classification. It was done around 1850. About that time, Britain lapsed into the reptile incipititude of "Victorian art." Pre-Raphaelites included. It had spent itself, having ushered in the modern world.



The Sam Francis retrospective in Bonn, in honor of the artist's 70th birthday.



Pontus Hultén

THE works of the last two decades often seem disarmingly programmatic, with a tendency to assert rather than to seek in that unquenchable spirit of "Moby Dick." That feeling is aggravated by the sheer gigantism of the Bonn presentation, where less would almost certainly have been more. Without the overkill, one could perhaps have seen the late works as proof that the restless voyager has at last found a tranquil harbor. The retrospective is at Bonn's Bundeskunsthalle through April 18. It will be at the Los Angeles Museum of Contemporary Art from Oct. 24 through Jan. 9.

David Galloway is an art critic and freelance curator based in Wuppertal, Germany.

SALES/SOLD

The Bard or not the Bard: A 16th-century miniature portrait just under 3 centimeters long (about 3 inches), possibly of Shakespeare, has sold at Christie's in London for £177,500 (\$258,000). "A Man Clipping a Hand from a Clod" set a record price for the artist, Nicolas Hilliard. The sinner for the portrait has been shrouded in mystery, and while many believe it is Shakespeare, skeptical scholars believe it is Lord Thomas Howard, first Earl of Suffolk, who died in 1626. It was sold to a private bidder for more than double its presale estimate.

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ADVERTISING SECTION

The Travel Industry

A Long Haul out of Recession for the Industry

The world travel industry, battered by the Gulf War and the U.S. and European recession over the past two years, is looking at a continuing long haul toward recovery through 1993. For both the hotel and airline sectors, the prospect for this year is much the same: keep people moving with price cuts and other incentives and wait for the recession to end.

With growth projections slowed to 4.5 percent through 1995, compared with an average 4.7 percent annually between 1986 and 1991, major hotel groups and airlines face the same recessionary strategy that has been dogging them since the travel slowdown began: cut back or hold down costs while trying to increase revenue.

This has led to recession-beating price cuts, special deals and what the industry calls "value-added extras" aimed at maintaining air-traffic growth on the one hand and commanding the loyalty of frequent business guests on the other.

When will the recession end? According to Murray Bailey, editor of the Hong Kong-based *Travel Business*

Hotels are targeting business travelers

Analyst, it will be "the end of this year, broadly, before things start to look good for the travel industry again." Aviation analyst William Burke of Avmark Asia Ltd. thinks it will be the summer of 1994 before the most high-profile victims of the travel slump — U.S. megacarriers like United, Delta, American Airlines and Northwest — show strong enough growth to pull out of their own recession.

The crippling fare wars that contributed to the almost \$1 billion losses suffered by these aviation giants have had a double-edged effect on the industry — a buyer's market for travelers but a disaster for the airlines. "The U.S. megacarriers have been losing megabillions," says Mr. Bailey, "and that indicates there's something wrong with the theory that big means best. But it's also meant really good bargains for the traveling public, with incentives producing marginal pricing, and not just on the U.S. and trans-Atlantic networks but in the Asia-Pacific region as well."

While the major Asian airlines have been enjoying what Mr. Burke describes as "a much better financial condition, still making \$200 million to \$400 million profit a year," reduced revenues and profits have dragged them into the same recessionary bulling. "There are minifare wars everywhere in this region, but they're not as discernible as elsewhere," says Mr. Bailey. "Much of it has been going on under the counter — price discounting to travel agencies — but it has included both regional and long-haul services."

But according to Mr. Burke, it is a price-cutting pit that the key Asian carriers — Cathay Pacific, Japan Airlines and Korean Air — may not be able to climb out of when

the industry picks up again. "They're already finding it extremely necessary to make whatever cost savings they can to beat inflation," he says. "For example, you have Cathay Pacific moving its accounts to Guangzhou in China and its computer services to Sydney, and Japan Airlines looking into using foreign crews on some of its services."

"But they're also having to do battle with other recession-beating strategies — very competitive pricing levels across the Pacific and bolstered frequent-flyer programs — that the big U.S. airlines are using. Singapore Airlines has been discounting its services to the United States and Europe to hold its own in the business-travel market. It has also been looking with Cathay Pacific into a joint frequent-flyer program to avoid losing long-haul business travelers to the U.S. giants."

"This competition is going to increase. As the U.S. and European megacarriers expand

their long-haul fleets, it'll be easier for them to challenge the Asia-Pacific airlines in their own region — which according to IATA [International Air Transport Association] will have 50 percent of global passenger traffic by 2010," Mr. Burke says. European airlines recently reported a 15 percent increase in flights to and from the Far East this January compared to January 1991, according to the Association of European Airlines in Brussels.

The hotel industry has likewise been battling for the frequent business traveler in the face of corporate cutbacks. Global groups like IIT Sheraton have been engaging in co-promotions with airlines and the chief credit-card organizations, American Express and Visa.

Sheraton has also been putting a great deal of promotional muscle into its frequent-guest program, Sheraton Club International, in a recession-beating campaign that Tom Edea, Sheraton's Asia-Pacific vice president and marketing director, explains by saying, "It's more cost-effective to gain more business from established custom-

ers." This year, the chain has launched a regional Sure-Saver program offering 40 percent discounts in a bid to attract more leisure travelers.

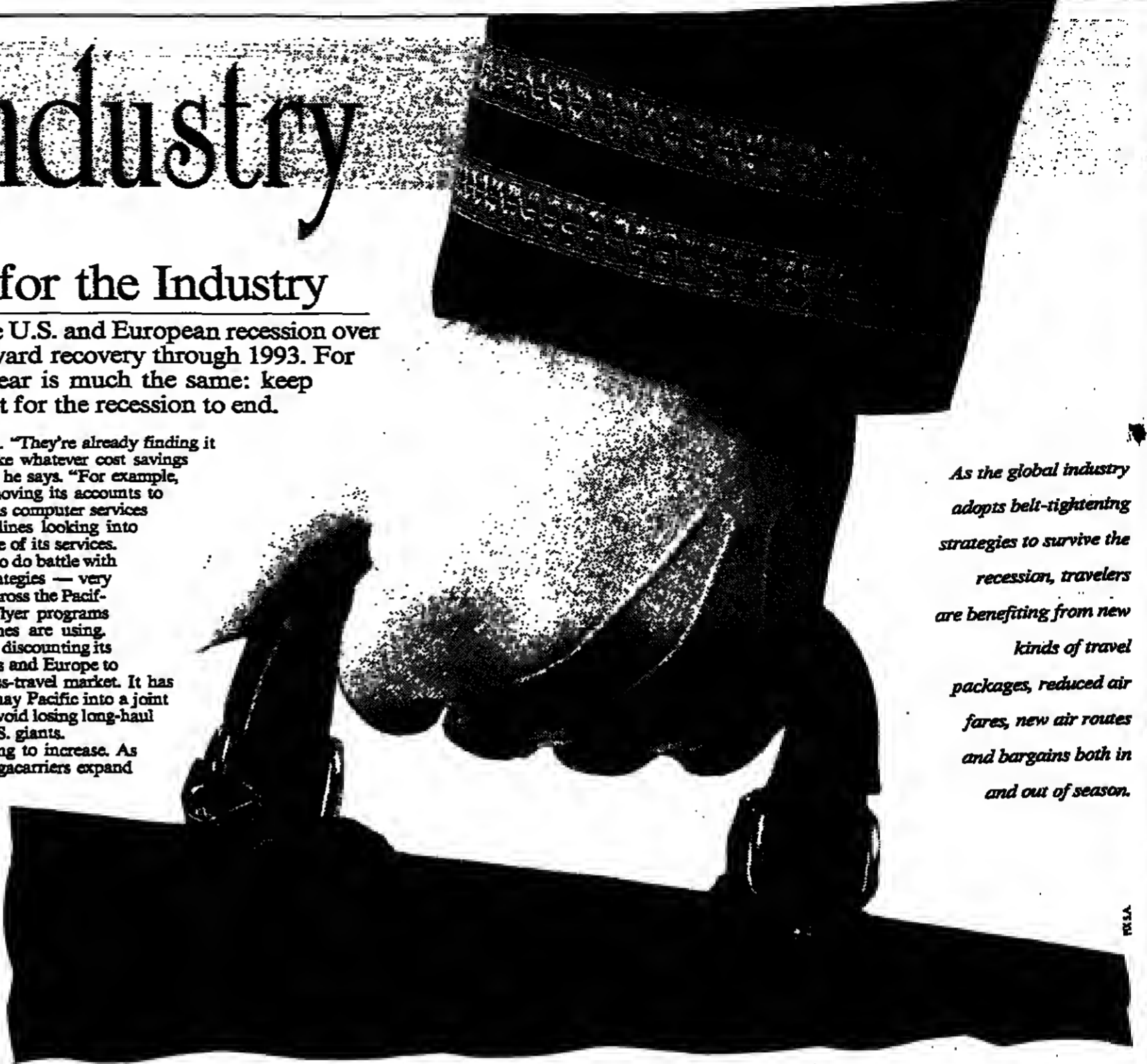
According to Mr. Bailey, rate cuts and discounts are being used "selectively" by hotels across the world, depending on where the boom areas and flat spots are in the market. While the recession-hit United States and Europe have been offering the best hotel bargains, overcapacity has been a bigger discounting factor in Asia and the Pacific.

Mr. Bailey points to Bangkok, "where you can virtual-

ly name your own hotel rate," as one center that is now suffering from oversupply, just as Singapore and Hong Kong have suffered in the past three years. By contrast, he cites Beijing, where the hotel development boom — coinciding with the Tiananmen Square killings and a tough austerity program — initially led to rates as low as \$25 a night in first-class hotels.

"Now, Beijing is coming back — supported by a development slowdown and China's new economic boom," Mr. Bailey says. "Hotels there are now reluctant to give discounts." **Derek Maitland**

As the global industry adopts belt-tightening strategies to survive the recession, travelers are benefiting from new kinds of travel packages, reduced air fares, new air routes and bargains both in and out of season.



The Advent of the Cultural Tourist

Berlin's ITB tourism trade fair March 6-11 is characterized by a record number of exhibitors and a focus on an old-new species of tourist: the culture-seeker.

These travelers are the latter-day counterparts of Goethe, Byron and Mark Twain, and there are a lot of them.

A bit less than one quarter of all those visiting EC

40,000 visitors are expected

countries this year — some 34.5 million — will be coming for the continent's art, architecture and ambience, according to a survey commissioned by the Irish Tourist Board.

For many more, cultural attractions represent a supplemental, important reason for visiting a specific region or city.

The cultural tourist is arriving, both in the continent's museums and at its festivals — and in the meeting rooms of the ITB. This year, centered around its "Megatrend Culture" series of symposia, the world's primary travel trade fair is scrutinizing both the opportunities and risks for the industry of this surge in cultural travel.

According to Albrecht Steinecke, managing director of Trier's European Tourism Institute, this trend is a consequence of a recognition by local and national authorities that "cultural events and edifices offer one of the few remaining areas which can be further developed to attract tourists."

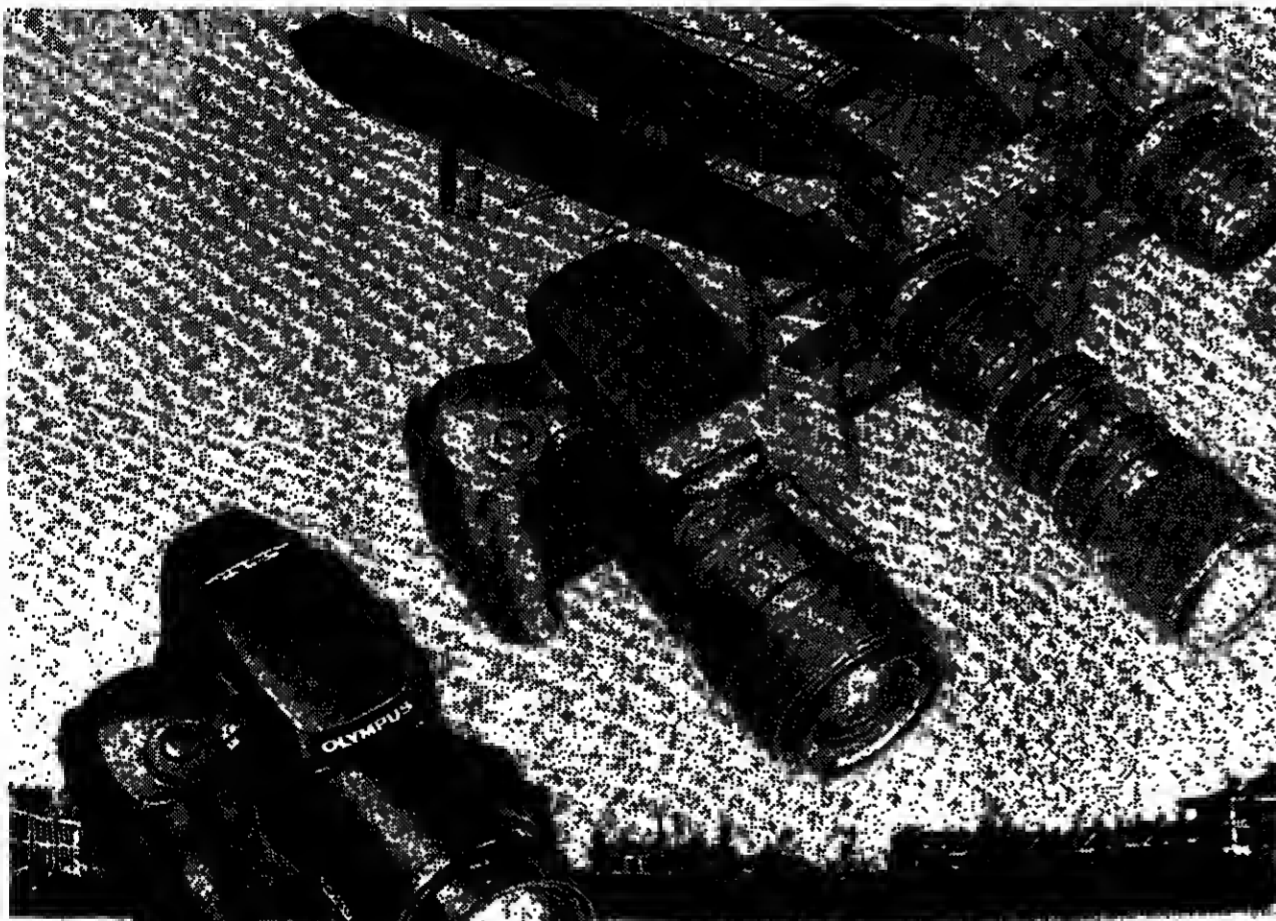
Not that cultural tourism will be the only subject featured at the ITB this year. In the trade fair's 26 halls and 100,000 square meters (1.07 million square feet) of floor space,

some 260 press conferences, receptions and lectures will vie with 4,000 exhibitors (from 150 countries) for the attention of 40,000 trade and general visitors.

These numbers are all new records for the ITB. But its size alone is not why the trade fair can justifiably lay claim to being the leading event in its sector, supposedly now the second-largest in the global economy.

The ITB also features an unparalleled breadth and diversity of coverage. Its film festival, the Prix ITB Berlin, features over 600 entries from more than 30 countries, making it a full-fledged event in itself. **Terry Swartzberg**

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Derek Maitland is the head of Global View Productions, Hong Kong. • Terry Swartzberg is a free-lance journalist based in Munich. • Alan Tillier is a free-lance journalist based in Paris. • Erich Toll is a writer and producer based in Boulder, Colorado.



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Japan 1993

Winds of Change in Major Aviation Markets

The airline industry is likely to have a bumpy ride in 1993 as the worldwide economic slowdown and a global trend toward deregulation of aviation prompt fierce competition in the three largest aviation markets. The benefits for travelers will be new routes and bargains.

Each of the markets — the United States, Europe and Asia — is undergoing fundamental change. The U.S. market is heading into the final stretch of a shakeout among carriers as the domestic aviation market matures. Carriers in Europe are seeking to adapt to the liberalization in the European Community while coping with recession. Meanwhile, Asia, the healthiest market, is seeing a flock of new competitors created by its dynamic growth.

The U.S. market, the world's largest, is writing what might be the last chapter in the struggle for survival among domestic carriers. "A vast majority of the market is going to shift to three or four main carriers," says Jon Ash, managing director of Global Aviation Associates Ltd., a consulting firm based in Washington D.C. "The bankruptcies are starting to resolve themselves one way or the other."

A result of the struggle is a return to fare wars and price-cutting as carriers abandon last year's effort to firm rates. "The danger is that the U.S. traveler is getting used to a free lunch, of seeing ticket prices that in many cases are unrealistically low," Mr. Ash adds.

The transformation is a result not only of the recession, but also of a maturation of the U.S. market. "We're seeing a shrinking of the leisure market, and business travel is not growing the way it was," says Robert W. Coggin, senior vice president for marketing of Delta Airlines in Atlanta. U.S. airlines have lost about \$8 billion in the past three years, nearly \$3 billion in 1992 alone, and it is likely the losses will lead to the demise of more carriers.

In Europe, 1993 — and the European Community's deadline for deregulation of transportation — has arrived. But air carriers in Europe, like their

U.S. counterparts, are feeling the effects of recession and are restrained in their reaction to liberalization. "We are financially weak; the opportunities come to us at the wrong time," says Karl-Heinz Neumeister, secretary general of the Association of European Airlines in Brussels. A report released by the association this month shows, however, that overall traffic on European airlines in January was 10 percent above January 1991 (1992 was considered an exception because of the Gulf War), largely the result of a 15 percent growth in travel to and from Asia. Of the three route networks connecting the world's largest markets, the Europe-U.S. routes are expected to grow the least in the coming years, industry observers agree.

EC deregulation is far from complete. Most airlines remain at least partly state-owned, and the 12-nation market has not been fully liberalized. EC

airlines still do not have complete freedom to offer domestic service in other EC nations, for example.

"Europe has made some progress, but there is still a long way to go," says John Story, U.S. executive vice president in New York for British Airways. But competition is rising in Europe, prompting a number of airlines to merge, acquire or form partnerships with other carriers. The growing competition is likely to reduce the high cost of intra-European travel.

Asia is currently the strongest aviation market. "Asian economies are on an upswing, with the exception of Japan," says Barbara Beyer, president of Avmark Inc., the Arlington, Va.-based aviation consulting firm. "There is tremendous pent-up demand for traffic."

The region's growing role in international commerce is boosting business travel in Asia, Ms. Beyer

adds. Traffic between Asia and the United States, and in particular between Asia and Europe, is already strong, and new services to secondary destinations are being launched.

The result of the booming market, coupled with deregulation in some countries, is giving birth to a new generation of competitors, such as Asiana Airlines of South Korea and Eva Airways Corp. of Taiwan. "Asia is booming as far as the creation of new airlines," says Chattrachai Bunya-Ananta, president of Thai Airways International Ltd., Bangkok and chairman of the Orient Airlines Association. About 50 new airlines have been launched in Asia in the past five years, Mr. Chattrachai adds.

The liberalization of aviation in some countries, as well as a move toward privatization of the airline industry, has prompted the growth of new carriers, Mr. Chattrachai points out.

Erich E. Toll

Business Briefs

• A boon to photographers on the go is Olympus's new, completely automated IS-1000 35mm camera with built-in power zoom and flash, and an "Extraordinary Dispersion" lens that provides contrast, color accuracy and image clarity once possible only in the most costly single-lens-reflex cameras. Masako Owada, fiancée of Japan's crown prince, is one satisfied user: she took photographs with the camera during a trip last summer.

• Nouvelles Frontières, the multinational French travel organization whose profits rose 42 percent in 1992, now has discount fares for business travelers for flights on major airlines, including Cathay Pacific, Delta, Qantas and Northwest.

• For an extra touch of class, companies are now holding business conferences and seminars in French chateau hotels, many of which offer sophisticated conference facilities complete with all the amenities, in addition to such pleasurable perks as golf courses and gourmet dining.

New Destinations, From an Oasis to the Arctic

The 1993 traveler will tend to be more independent and adventurous, according to American Express in London, but not necessarily daredevil: Kuoni, the Swiss-owned travel agency, predicts only "moderately adventurous" travelers who will still demand their creature comforts.

A survey of upcoming holiday offerings includes trekking in Nepal, swings through Peru and other South American countries, excursions to Alaska and forays into the interior of South Africa.

At the same time, time-honored destinations that

Adventure trips are "in"

had been somewhat in decline are back in favor — the Caribbean, the Greek islands and Bali are examples, although there is still a desire to branch out. Air France, which confirms the renewed popularity of the French West Indies, says travelers are arranging to take in the British West Indies as well.

Kuoni will be flying holidaymakers to a new resort in the Dominican Republic with side trips to Jamaica, where Montego Bay, once known as a watering hole for Ian Fleming, creator of James Bond, is now a popular destination.

The more "daring" holidays are not attracting a

mass clientele, but there is a growing demand for such off-the-beaten-track excursions as individual trips across China in a rented car with guide.

Thalagiri atoll in the Indian Ocean is "in," as is the Sultanate of Oman, where Club Med is building a facility; an oasis is thrown in as a bonus. The Himalayas offer different kinds of natural attractions and are drawing more tourists as well. Many travel agents report an upswing in tourism to South Africa now that some taboos have been lifted. Air France and other airlines say their flights there are full.

Oberoi, the up-market, Indian-owned hotel chain, cites Sri Lanka as having made a comeback because of the relative cheapness of holidays there, and adds that Australia is a growth area. A traveler to Australia can stay at the Windsor, the luxury Oberoi hotel in Melbourne, and then take 21 days crossing from Darwin to Sydney via the aborigines' sacred mountain, Ayers Rock. An Oberoi spokesman says

that travel to India itself is off "except for business travel," but others in the industry note a mini-boom down south in Madras and Kerala, far from the religious strife in the north.

Environmentally correct holidays are relatively new but becoming more popular. Hilton International has announced an ecology tourism project at the Batang Ai Longhouse Resort in Malaysia. The aim, says Hilton, is "adventure tourism," consisting of canoeing, swimming in a nearby lake, fishing and trekking, all without damaging the forest. It could be called the old-fashioned made newly fashionable.

The same could be said for cruises, which are selling well all over. Diners Club and the French Paquet Cruises have been taking the big Ocean Princess up the Amazon to Manaus. Cruises to the Arctic are heavily booked. Tour operators say the current cruise clientele is much younger.

Cities are increasingly popular holiday destinations. There is fierce competition in Europe, but the star of late has been St. Petersburg. Inland destinations in Europe are increasingly popular, with an organization like Club Med building holiday complexes in the countryside, far from urban tren-


zy. The battle for popularity along the coasts fluctuates markedly in Europe, especially in France at places like Biarritz and Deauville, which lure customers with "resorts" that have everything from blackjack to golf.

Group travel is by no means dead, but the battle is on for the business of the individual, with offers not just of escapism but also of physical effort and mental stimulus.

For those who want to be ahead of the trends, emerging attractions include the mosques of the former Soviet Central Asia and the wild landscape of the Kuzil Islands.

Alan Tiller

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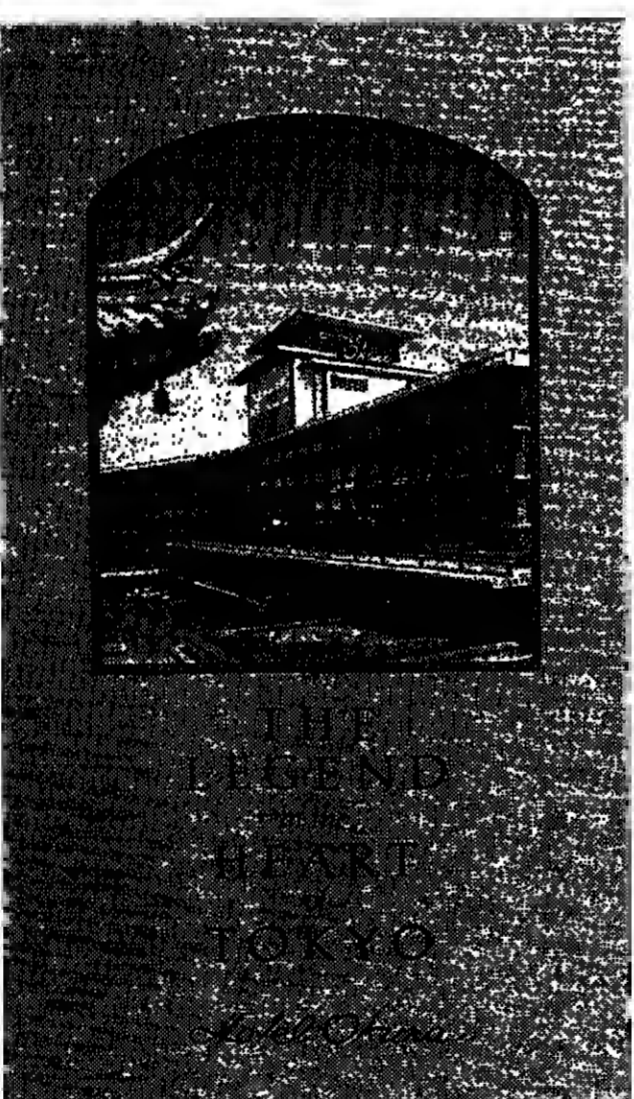
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NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

13 Month High	Low	PE	Div	Yield	Low	High	Low	High	Low	High
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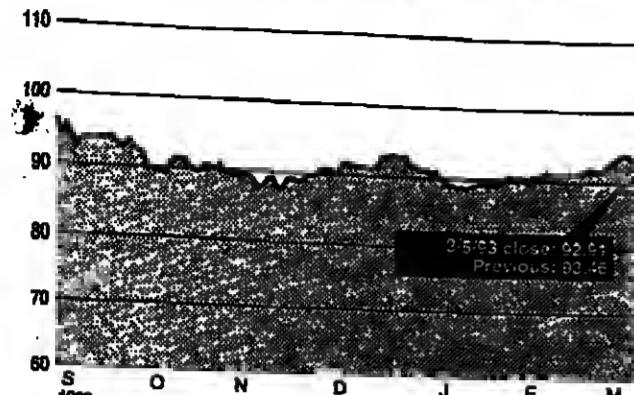
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THE TRIB INDEX: 92.91
International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries...



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia... The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia...

Table with 3 columns: Asia/Pacific, Europe, N. America. Includes closing and previous values.

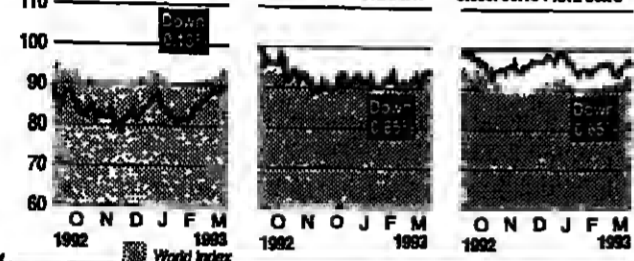
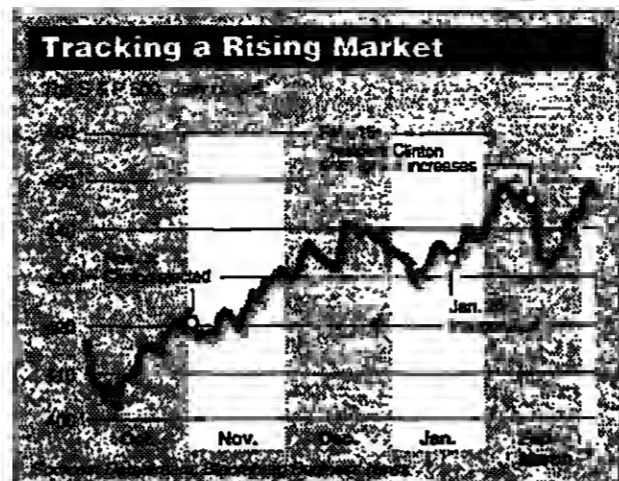


Table with 3 columns: Energy, Utilities, Finance, Services. Includes closing and previous values.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92021 Neuilly Cedex, France.

Low Rates Underlie Surge in Stocks

By Allen R. Myerson
New York Times Service
NEW YORK — A continued plunge in U.S. interest rates to the lowest level in decades is causing many money managers to make fundamental shifts in their investment strategies...



The New York Times

Their enthusiasm has propelled some market averages to within inches of new highs this week, with stocks regaining all the ground they lost two weeks ago as President Bill Clinton presented his proposed budget...

goal of 52 percent a year ago, according to a survey conducted in January by Callan Associates, a financial consulting firm...

German Easing And U.S. Gains Propel Dollar

Compiled by Our Staff From Dispatches

The dollar surged against the mark Friday, bolstered by better-than-expected U.S. employment figures and a surprise German interest-rate cut that also boosted share prices...

Suez Shares Bolt, Fueling Raid Rumors

By Jacques Neher
Special to the Herald Tribune

PARIS — Shares of Compagnie de Suez jumped more than 4 percent Friday in a second day of extraordinary trading volume, fueling speculation that a raid has been launched on a company that many view as the flagship of the French financial and industrial establishment...

appeared to be coming from foreign investors, particularly from London. She said the company was not worried, believing that the heavy volume and share-value rise reflected a "positive response" to the company's announcement...

and be able to win government approval, without first having a plan to dispose of its French insurance holdings — the Victoire-Colonia group — to another French insurance company...

7 Computer Firms Set Alliance

By Mitchell Martin
Special to the Herald Tribune

PARIS — Seven companies, led by IBM, Motorola Inc. and Apple Computer Inc., will announce Monday a technology alliance and demonstrate the capabilities of a jointly developed computer processing chip, spokesmen said...

thinking for computers by interpenetrating and executing instructions. The new chip would also allow for expanded use of the Unix operating system. Unix, which was developed by American Telephone & Telegraph Co. and recently sold to Novell Inc., is a rival of the operating systems developed by Microsoft Corp. for the Intel-based IBM and clone computers...

ECONOMIC SCENE

Much Heat, Some Light From Energy Tax Debate

By Peter Passell
New York Times Service

NEW YORK — It is no secret why President Bill Clinton opted for a BTU tax over other energy levies: The idea is to raise maximum revenue gain with minimum political pain...

Ask any environmentalist for his favorite energy tax and you will hear an earful about carbon. "It is better to tax 'bads' than 'goods,'" argues Robert Repetto of the World Resources Institute...

But a tax on carbon is anathema to the coal industry because coal releases about twice as much carbon per unit of energy generated as oil or natural gas.

And Mr. Clinton does not want to go to war with the coal lobby's friend in high places, Robert Byrd, chairman of the Senate Appropriations Committee.

Economists are not as easy to pin down, but a goodly number are drawn to an oil or a gasoline tax. Oil, after all, is the primary source of urban air pollution. And roughly half of America's oil is imported...

This explains why an "ad valorem" tax on fuels — a simple percentage levy on the market prices of all fuels — was the smart-money choice in the weeks before the Clinton plan was announced. Like a BTU tax, this tax would spread the pain. But Philip Verleger, a fellow at the Institute for International Economics, points to some subtle drawbacks.

The tax would vary in proportion to market prices, adding to the volatility of costs to consumers. This upsets politicians, who are loath to pile misery upon misery when energy prices go up.

Then, too, an ad valorem tax would cost families more than

CURRENCY & INTEREST RATES

Table with columns: Cross Rates, Eurocurrency Deposits, Key Money Rates, Other Dollar Values, Forward Rates. Includes various financial data points.

RELIGIOUS SERVICES

- List of religious services across various cities: AMSTERDAM, BARCELONA, BREMEN, BUCHAREST, COTE D'AZUR, FRANKFURT, MADRID, MANTOVA, MONTREAL, MUMBAI, NANTES, PARIS and SUBURBS, PRAGUE, ROME, ST. ANTON, SWITZERLAND, TOKYO, TRINIDAD, WASHINGTON, WUPPERTAL, ZURICH.

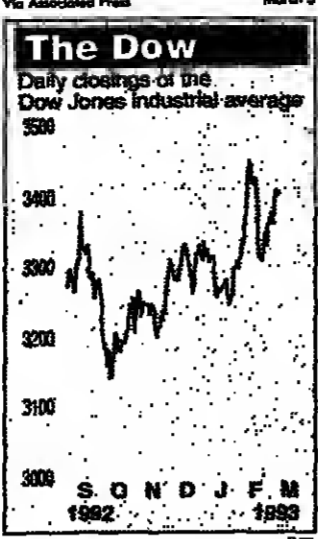
Table with columns: Other Dollar Values, Forward Rates. Includes various financial data points.

MARKET DIARY

A Zigzag Dow Loses Most of Its Gains

NEW YORK (Bloomberg Business Week) — Blue-chip stocks marched up Friday after a strong employment report, then marched down again as a result of computer-guided sell orders in the final hour.

Goldman, director of technical research at A.G. Edwards & Sons, "Corporate earnings will be up, and inflation is low. Where else are you going to put your money except in stocks?"



Dow Jones Averages

Table with columns: Open, High, Low, Last, Chg. Rows: Indus 3464.58, Finance 1280.87, Comp 1239.30. Includes Standard & Poor's Indexes and NYSE Indexes.

EUROPEAN FUTURES

Table with columns: Close, High, Low, Prev. Close. Rows: SUGAR (FUT), SOYBEAN (FUT), CORN (FUT).

N.Y. Stocks

Common stocks led advances on the New York Stock Exchange by a narrow margin. Trading was active, with about 247 million shares changing hands on the Big Board.

NYSE Most Active

Table with columns: Vol., High, Low, Last, Chg. Rows: Intel, Microsoft, Sun, Oracle.

AMEX Most Active

Table with columns: Vol., High, Low, Last, Chg. Rows: Turner, Time Warner, Viacom.

AMEX Stock Index

Table with columns: High, Low, Close, Chg. Rows: Indus, Finance, Comp.

Dow Jones Bond Averages

Table with columns: Class, Chg. Rows: 30 Bonds, 10 Utilities, 10 Industrials.

DOLLAR: Rallies on Rate Cut

(Continued from first finance page) In Paris, the CAC-40 share index gained 8.37 to 1995.12. The European Monetary System grid was quietly steady in late European trading.

Although one of the clouds on the dollar's horizon was swept away Friday by the relatively strong U.S. employment report, analysts were still unsure that this marked a turn in the fortunes of the currency in the economy.

NYSE Diary

Table with columns: Advance, Decline, Unchanged, Total Issues, New High, New Low.

AMEX Diary

Table with columns: Advance, Decline, Unchanged, Total Issues, New High, New Low.

RATES: Bundesbank's Action Appears to Signal Further Cuts to Come

(Continued from page 1) German economy is still slowing. In West Germany, 30,000 more people were unemployed in February, for a total of 2.29 million.

force lacks permanent employment. 1.15 billion were working short shifts and 315,000 were in temporary government job programs.

World Stock Markets

Table with columns: Class Prev., Close Prev., Class Prev., Close Prev. Rows: Amsterdam, Frankfurt, London, Paris, Zurich, Tokyo.

Bondholders Quit Talks With TWA

NEW YORK (Bloomberg) — Investors holding \$50 million in Trans World Airlines bonds backed out of talks Friday over the terms of the airline's reorganization plan.

Nut Quotas Said to Enrich Farmers

WASHINGTON (NYT) — A report Friday by the General Accounting Office said that a system of federal peanut-production quotas had enriched big farmers at an annual cost to consumers as high as \$513 million and artificially restricted the U.S. peanut supply.

Amex to Reduce Interest in First Data

NEW YORK (Bloomberg) — American Express Co. said Friday it would reduce its controlling interest in First Data Corp. by selling 32 million shares of the subsidiary, which provides financial information processing and credit-card services.

Kantor Sees a Tough '93 for Trade

WASHINGTON (Reuters) — The U.S. trade representative, Mickey Kantor, said Friday that 1993 could be a tough year for trade and singled out Japan, China and Europe as possible trouble spots.

For the Record

Transportation Secretary Federico Peña on Friday endorsed Northwest Airlines' complaint that the Australian government is unfairly limiting the number of passengers it can carry between Sydney, Australia, Japan. He postponed any decision on sanctions until after U.S. and Australian officials meet next week.

U.S. FUTURES

Table with columns: Session, High, Low, Open, High, Low, Close, Chg. Rows: COCA (NYC), WHEAT (CBT), SOYBEAN (CBT).

Table with columns: Session, High, Low, Open, High, Low, Close, Chg. Rows: HI GRADE COPPER (COMEX), SILVER (COMEX), GOLD (COMEX).

Table with columns: Session, High, Low, Open, High, Low, Close, Chg. Rows: CATTLE (CME), HOGS (CME), PORK BELLIES (CME).

Table with columns: Session, High, Low, Open, High, Low, Close, Chg. Rows: US Y. BILLS (TMM), T.B. TREASURY (CBT), NY Y. TREASURY (CBT).

Table with columns: Session, High, Low, Open, High, Low, Close, Chg. Rows: SP. COMP. INDEX (CBT), NYSE COMP. INDEX (NYSE), COMMODITY INDEXES.

Austrians Look for Protection

VIENNA — Chancellor Franz Vranitzky of Austria called Friday for a comprehensive strategy to protect Austrian companies from cheap imports from Eastern Europe.

Rothmans Cigarette Plant for Russia

LONDON — Rothmans International PLC, trailing some of its rivals in creating a manufacturing base in Eastern Europe, on Friday announced that it would invest \$55 million (\$79 million) to build a joint-venture cigarette factory in St. Petersburg.

Italy's Marzotto Bets On Clothing Business

VALDAGNO, Italy — At the Milan fashion shows starting next week, you won't see the name Marzotto. But many of the clothes worn on the backs of models for Ferré, Missoni and Biagiotti will be made by Marzotto & Figli SPA.

Porsche Sinks to Deeper Loss

STUTTGART — A deepening sales slump in almost all Porsche AG's major markets sent the automaker tumbling to a loss of 120 million Deutsche marks (\$73 million) in the first half of its business year, Porsche said Friday.

He said the company expected to produce between 15,000 and 17,000 cars in the year ending this July and to raise this to more than 30,000 cars annually by 1996-97.

U.S. Won't Indulge EC On Grappa and Ouzo

BRUSSELS — The European Commission and the United States are nearing agreement to protect some of their leading liquors from imitators, but Italy and Greece are angry that grappa and ouzo are excluded, diplomats said Friday.

BNP Net Falls, Provisions for Losses Rise

PARIS — Banque Nationale de Paris said Friday its net profit had fallen nearly 30 percent last year, underscoring the shaky state of the French banking sector.

Investor's Europe. Frankfurt DAX, London FTSE 100 Index, Paris CAC 40. Includes line graphs and a table of stock indices with daily and previous closing prices.

Very briefly: French household consumption fell 2.7 percent in January from December because of fewer car purchases but rose 3.74 percent excluding car purchases, the national statistics bureau said.

Marriott Buys a Top Budapest Hotel

BUDAPEST — Hungary's State Property Agency said on Friday it had agreed to sell the Duna Intercontinental hotel, one of the country's prime properties, to Marriott Corp.

STOCKS: Plunge in Rates Underlies Surge in Shares

(Continued from first finance page) available on the Treasury's highest-yielding 30-year bond, falls far short of the returns many money managers have promised to deliver.

percentage points more than bonds and much more than cash. Changes by a few large money managers, sometimes taking place step-by-step over days or weeks, can sometimes result in jagged market reactions that have little apparent relation to the day's news.

ENERGY: What Tax Base?

(Continued from first finance page) corporations because businesses generally buy their fuel at wholesale rates. That leaves the BTU tax — or rather the Clinton version, which has been modified to tax oil and hydropower more heavily than natural gas or coal in order to level the regional impact. It would do the job, raising \$22 billion in 1996.

Restaurants and hotels directory for Paris. Includes listings for YUGARAJ, THOUHELD, LE TOIT DE PARIS, CHEZ FRED, DA MEO PATACCA, and KERVANSARAY with descriptions and contact info.

Advertisement for Sprint Express international calling. Features the headline 'How do you call a foreign country when you're already in one? Pick a card, any card.' and a large image of a hand holding several international calling cards from various countries like Australia, Canada, and the UK.

JOB: U.S. Employment Jumps, Dispelling Fears of Economic Slowdown

(Continued from page 1)
Bush recovery" by spending money on a stimulus plan.

Until now, there have been widespread complaints that the U.S. economic rebound, which got under way in the spring of 1991, has been fundamentally different from previous cyclical recoveries from recessions by being largely a "job-less recovery."

The February employment gain was far in excess of analysts' forecasts of about 125,000 new jobs, but it may be a mistake to declare that the old U.S. jobs machine is now well-oiled and back on track, economists warned.

"This is a sturdy economic expansion that should be picking up some steam later in the year," said Neil Soss, chief U.S. economist at

First Boston Co. in New York. "But there are obviously some seasonal exaggerations in the jobs data. I'm looking more for job growth of 150,000 a month — not 350,000 a month."

The payroll employment jump of 365,000 was the biggest gain since January 1989, and the dip in the unemployment rate to 7.0 percent was the lowest since November 1991. The jobless rate peaked at 7.7 percent last June.

"It is clear that the job market strengthened considerably in February," William G. Barron Jr., a Bureau of Labor Statistics official, told a congressional committee. But he urged caution in attributing too much significance to one month's report.

Some economists were skeptical.

for example, of the reported surge of 131,000 retail jobs and 96,000 in construction, job suggesting that unusual weather patterns may have interfered with normal seasonal adjustments.

Nonetheless, the jobs report provided an almost uniformly positive reading for the future health of the economy. The sometimes widely disparate household survey used in calculating the unemployment rate echoed the payroll survey by recording a gain of 380,000 jobs.

The total civilian labor force, after shrinking by more than 500,000 people in January, rose by 244,000 as more people successfully re-entered the labor market.

Another hopeful sign for the future was a continuing increase in

the hours worked at factories, which puts some added pressure on industrial companies to rehire workers to help bolster production. The factory workweek hit an "extraordinarily high" 41.5 hours, the Labor Department reported, up 0.4 hour since last October. Overtime was 4.2 hours, the highest on record.

Still, many U.S. manufacturing companies, now that they have chalked up years of robust productivity gains, are unlikely to ever employ as many people as they once did. Services, as they have for decades, will have to account for the bulk of new jobs, but many service businesses are now going through their own painful restructuring in order to improve competitiveness.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Open
176 1/2	176 1/2	IBM	5.00	4.0	12	100	176 1/2	176 1/2	176 1/2	176 1/2
110 1/2	110 1/2	Microsoft	0.50	1.0	15	100	110 1/2	110 1/2	110 1/2	110 1/2
100 1/2	100 1/2	Intel	0.50	1.0	15	100	100 1/2	100 1/2	100 1/2	100 1/2
90 1/2	90 1/2	Oracle	0.50	1.0	15	100	90 1/2	90 1/2	90 1/2	90 1/2
80 1/2	80 1/2	Sun	0.50	1.0	15	100	80 1/2	80 1/2	80 1/2	80 1/2
70 1/2	70 1/2	Lucent	0.50	1.0	15	100	70 1/2	70 1/2	70 1/2	70 1/2
60 1/2	60 1/2	WorldCom	0.50	1.0	15	100	60 1/2	60 1/2	60 1/2	60 1/2
50 1/2	50 1/2	Verizon	0.50	1.0	15	100	50 1/2	50 1/2	50 1/2	50 1/2
40 1/2	40 1/2	AT&T	0.50	1.0	15	100	40 1/2	40 1/2	40 1/2	40 1/2
30 1/2	30 1/2	Qwest	0.50	1.0	15	100	30 1/2	30 1/2	30 1/2	30 1/2
20 1/2	20 1/2	Level 3	0.50	1.0	15	100	20 1/2	20 1/2	20 1/2	20 1/2
10 1/2	10 1/2	Southwest	0.50	1.0	15	100	10 1/2	10 1/2	10 1/2	10 1/2
5 1/2	5 1/2	Delta	0.50	1.0	15	100	5 1/2	5 1/2	5 1/2	5 1/2

AMEX

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Open
120 1/2	120 1/2	Johnson & Johnson	2.00	3.0	15	100	120 1/2	120 1/2	120 1/2	120 1/2
100 1/2	100 1/2	Pfizer	1.00	4.0	15	100	100 1/2	100 1/2	100 1/2	100 1/2
90 1/2	90 1/2	Merck	1.00	4.0	15	100	90 1/2	90 1/2	90 1/2	90 1/2
80 1/2	80 1/2	Abbott	1.00	4.0	15	100	80 1/2	80 1/2	80 1/2	80 1/2
70 1/2	70 1/2	Amgen	1.00	4.0	15	100	70 1/2	70 1/2	70 1/2	70 1/2
60 1/2	60 1/2	Novartis	1.00	4.0	15	100	60 1/2	60 1/2	60 1/2	60 1/2
50 1/2	50 1/2	Roche	1.00	4.0	15	100	50 1/2	50 1/2	50 1/2	50 1/2
40 1/2	40 1/2	Schering-Plough	1.00	4.0	15	100	40 1/2	40 1/2	40 1/2	40 1/2
30 1/2	30 1/2	Eli Lilly	1.00	4.0	15	100	30 1/2	30 1/2	30 1/2	30 1/2
20 1/2	20 1/2	Amgen	1.00	4.0	15	100	20 1/2	20 1/2	20 1/2	20 1/2
10 1/2	10 1/2	Novartis	1.00	4.0	15	100	10 1/2	10 1/2	10 1/2	10 1/2
5 1/2	5 1/2	Roche	1.00	4.0	15	100	5 1/2	5 1/2	5 1/2	5 1/2

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Open
110 1/2	110 1/2	Amgen	1.00	4.0	15	100	110 1/2	110 1/2	110 1/2	110 1/2
100 1/2	100 1/2	Novartis	1.00	4.0	15	100	100 1/2	100 1/2	100 1/2	100 1/2
90 1/2	90 1/2	Roche	1.00	4.0	15	100	90 1/2	90 1/2	90 1/2	90 1/2
80 1/2	80 1/2	Schering-Plough	1.00	4.0	15	100	80 1/2	80 1/2	80 1/2	80 1/2
70 1/2	70 1/2	Eli Lilly	1.00	4.0	15	100	70 1/2	70 1/2	70 1/2	70 1/2
60 1/2	60 1/2	Amgen	1.00	4.0	15	100	60 1/2	60 1/2	60 1/2	60 1/2
50 1/2	50 1/2	Novartis	1.00	4.0	15	100	50 1/2	50 1/2	50 1/2	50 1/2
40 1/2	40 1/2	Roche	1.00	4.0	15	100	40 1/2	40 1/2	40 1/2	40 1/2
30 1/2	30 1/2	Schering-Plough	1.00	4.0	15	100	30 1/2	30 1/2	30 1/2	30 1/2
20 1/2	20 1/2	Eli Lilly	1.00	4.0	15	100	20 1/2	20 1/2	20 1/2	20 1/2
10 1/2	10 1/2	Amgen	1.00	4.0	15	100	10 1/2	10 1/2	10 1/2	10 1/2
5 1/2	5 1/2	Novartis	1.00	4.0	15	100	5 1/2	5 1/2	5 1/2	5 1/2

Handwritten text: 10/11/93

NYSE

Japan Trade Surplus May Be Peaking

TOKYO — Japan's current-account surplus, swollen by 80 percent in January, the government reported Friday. It was the 22d straight month the surplus had grown.

adjusted terms, because exports have basically stopped growing. "The basic uptrend is still there but it's very shallow and as soon as the Japanese economy shows the slightest sign of life, the surplus will come down," Mr. Barker said.

Later along the J-curve, the surplus should shrink as the strong yen impedes exports and spurs imports. But some reject that conventional wisdom, saying lower exports would send a sully economy further into the dumps.

"Japan really needs to do something about its domestic demand and if it doesn't... and the yen goes up, that will have an overall depressing effect on the economy and dampen imports," said James Vestal, economist at Barclays de Zoete Wood.

Unadjusted, Japan's January trade surplus, excluding services, widened to \$7.03 billion from \$5.96 billion a year ago.

Exports showed just a 1.2 percent rise to \$23.67 billion. Vehicle exports grew only 1.5 percent, and vehicle exports to the United States fell 15 percent, the ministry said.

(Reuters, Bloomberg)

What If They Gave a Tax Cut and Nobody Spent?

TOKYO — Political forces appear close to waging a battle to lower Japan's taxes, but many question if the move will pay off in terms of faster economic growth.

Officials and economists say that simply leaving more money in the hands of consumers would do little to spur stagnant growth and that much depends on the type of tax breaks finally agreed upon.

Japan moved closer to tax cuts late on Thursday night when the ruling Liberal Democratic Party pledged to consider stimulative measures, including income-tax breaks, to appease opposition parties.

The Finance Ministry has long opposed lower taxes because it would likely be forced to finance the lost proceeds through deficit spending. But Friday morning, Finance Minister Yoshiro Hayashi changed his tune, saying the ministry "does not rule out the possibility that tax breaks proposed by opposition parties will be implemented."

The ultimate composition of a tax package is being hotly debated. Economists expect a two-pronged tax cut to emerge from meetings between political parties and the Finance Ministry: an income tax cut favored by opposition parties and policy-oriented cuts that the ministry and the

LDP are thought to like. Together, the cuts could total 4 trillion yen (\$34.4 billion).

But Keiichi Honda, president of BOT International, the Bank of Tokyo's research arm, expressed a reservation felt by many. "Japanese people could save much of what they receive in tax breaks, rather than pump the economy up by spending," he said.

Geoffrey Barker, economist at Baring Securities (Japan) Ltd., said the authorities may try to encourage spending by granting a tax rebate, rather than an income tax cut.

Such a plan could put money in the pockets of consumers by this summer and placate the Finance Ministry.

Seoul Vows to End False-Name Trading

SEOUL — South Korea's new finance minister, embracing President Kim Young Sam's anticorruption drive, pledged Friday to end the widespread practice of trading under false names, triggering alarm bells in the business community.

"We will study the situation carefully and come up with ways to implement the real-name system by the end of May," said the minister, Hong Jae Hyong. "We will definitely implement the system afterwards."

Previous governments have grappled with varying degrees of enthusiasm with the false-name system, which allows individuals to trade and to hold bank and other accounts clandestinely.

But Mr. Kim, who took office last week on an anticorruption ticket, appears determined to end the false-name system quickly, despite opposition from business interests who fear an exodus of hidden cash from South Korea's already sagging markets.

The long-predicted announcement sent shivers through the Seoul stock market, where false-name trading is rampant, and the index fell for the eighth straight day on Friday to finish at its lowest level for the year, 615.57. "It seems there has been a lot of selling by government officials today," said a Seoul stockbroker.

"My guess is high-ranking officials are worried since the president said he would make his cabinet disclose their assets."

Business interest groups voiced concern over the plans and said a false-name phase-out should come gradually. The Korea Chamber of Commerce and Industry said the plans should be devised carefully and implemented gradually "in order not to shock the economy."

Chey Jong Hyon, chairman of the Federation of Korean Industries, also said the plans should be worked out slowly and implemented over a long period of time.

Separately, the National Statistical Office said industrial production fell 6.4 percent in the 12 months through January, the largest yearly decline since 1980, fueling fears that the weakening economy is sliding into recession.

The fall in industrial output, a decline of 0.5 percent over the previous month, was the worst performance since September 1980, when production fell 7.5 percent against the previous year.

Investor's Asia. Table showing stock market indices for Hong Kong (Hang Seng), Singapore (Straits Times), Tokyo (Nikkei 225), and other regional markets with price changes.

Very briefly:

- Sony Corp., faced with a rising yen against the dollar, said it would raise prices of some audiovisual products it ships overseas.
Japanese investors, jumping on the strength of the bond markets in the United States and Europe, bought a net \$1.58 billion in foreign bonds in January.

- Taiwan trade representatives began talks with U.S. officials on Taipei's application to join the General Agreement on Tariffs and Trade.
Sembawang Shipyard of Singapore posted a 30.4 percent rise in net profit for 1992, to 94.2 million Singapore dollars (\$37.4 million).

NYSE Friday's Closing

Tables include the nationwide price up to the closing on Wall Street and do not reflect late trade elsewhere. Via The Associated Press.

NYSE High-Lows table for 12-month periods, listing various stocks and their price ranges.

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Taiwan Payments Deficit Called Rite of Transition

TAIPEI — Taiwan's first balance-of-payments deficit in 12 years shows that an era of big surpluses is ending as the island's economy matures, bankers and economists said Friday.

Money poured into Taiwan during the 1980s, and the island's trade surplus swelled to as much as \$20.3 billion in 1987. But an import boom and heavy capital outflows for overseas investment mean any surpluses will be much smaller in the 1990s, and more deficits are possible, analysts said.

"The whole economy is changing," said Norman Yin, banking professor at National Chengchi University.

The central bank said Thursday that the balance of payments slipped into a deficit of \$639 million last year, from a surplus of \$7.33 billion in 1991. It was the first annual deficit since 1980, when the gap was only \$127 million.

The government does not disclose its schedule for weapons payments, but bankers said a major installment was paid late last year. Even excluding weapons purchases, the balance of payments remains under pressure as Taiwan's imports soar, driven by a consumer-spending boom and government infrastructure projects.

Table of financial data and market information.

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ANNOUNCEMENT INVESTMENT OPPORTUNITY THE SHEPHEARD HOTEL

The Egyptian Hotels Company, an affiliated company of the Tourism Holding Company, owned by the Government of Egypt, announces the proposed divestiture of the Shephard Hotel.

The hotel owes its name to the original historic hotel which was first built in 1841, before it was removed to its present location. It enjoys a prime 3,500 square meter site on the Nile only minutes from Cairo's main business and commercial centre and has been substantially renovated during the past few years.

The hotel, which is a fifteen story building with 264 rooms and 28 suites is currently operated by Helnan Company under a long term management agreement.

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THE MONEY REPORT

FIRST COLUMN

Investors, Ecology and Greenbacks

HERE are no green investment funds to be found in Greece, Italy, Spain or Portugal, according to a recently produced survey by a U.K. investment manager. What does that tell you about those countries? Some might say it shows that they are backward, and that they just don't care about the state of the world. Others might argue it indicates that these countries are among the last bastions of civilization...

Investors committing cash to funds that invested in such companies might expect a return of green audit points — a report (printed on recycled paper) of what was being done with their money. Although many people might not readily accept what occurs in California as a role model, this type of audit occurs regularly there. And it makes sense.

M.B.

Pharmaceutical Stocks Swallow Some Bitter Pills

By Aline Sullivan

PHARMACEUTICAL stocks, hugely popular with investors for close to a decade thanks to their often phenomenal earnings growth, have tumbled in the past month. Even though the French chemicals giant Rhône-Poulenc produced results slightly ahead of expectations at the end of February, analysts like Nomura Securities were taking the view that the outlook for 1993 would be harsher for both health care and chemicals. As a consequence, forecasts have been downgraded.

Rhône-Poulenc suffers peculiarly from a general malaise: sensitivity to government decisions. As governments worldwide prune public health budgets, analysts agree that only the fittest companies will prosper. Telling the fit from the weak, however, is a difficult art.

The worst news for the industry in recent weeks has come from Europe. In Italy, Germany, Britain and France, governments are looking at ways of reducing the huge sums they spend every year on publicly prescribed drugs. In Italy at the beginning of January, no fewer than 704 drugs were taken off the list of medicines whose purchase can be reimbursed by the state.

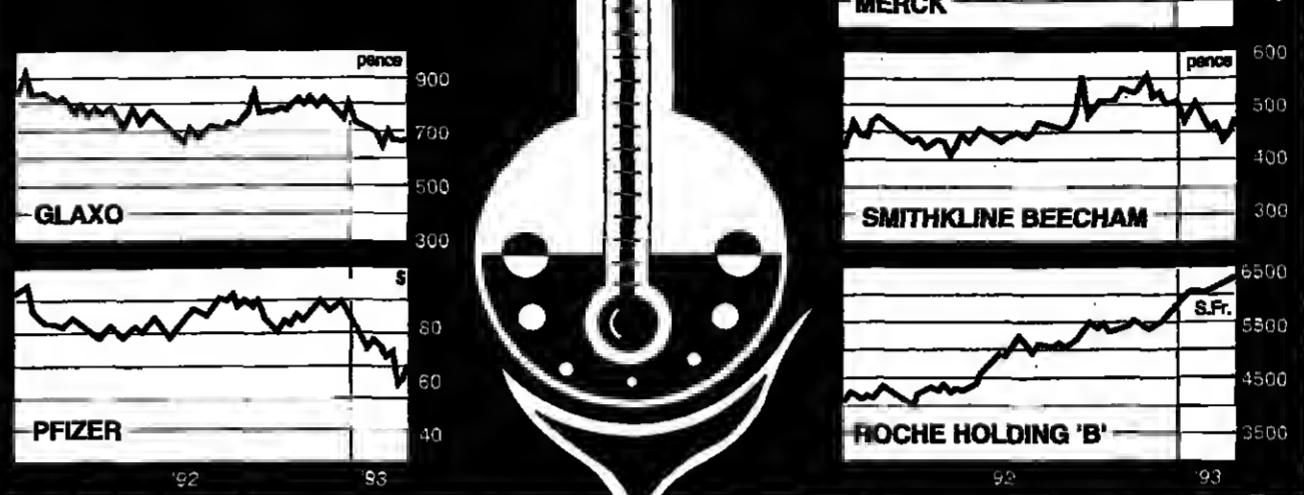
The German government has taken a different tack, but one just as unwelcome to the pharmaceutical companies. As of Jan. 1, the price paid by the state for new prescription drugs introduced over the previous eight months was cut by 5 percent. This came on top of a plan unveiled in 1989 to require patients to pay a larger share of the cost of reimbursable drugs.

In France, the government has raised the tax that drug companies must pay on spending to promote their products. The logic behind this move is that around 80 percent of total French pharmaceutical sales take the form of reimbursable drugs sold through drugstores.

The price of these drugs is tightly regulated by the state and the manufacturers can only hope to swell profits by heavy sales promotion. In order to ensure that such advertising does not result in a heavier drug bill to be paid by the state, the French government taxes the drug companies' promotional expenditure. All these moves, plus the continuing un-

Seeking Equilibrium

Stock prices in local currency weekly since Jan. 1, 1992.



Source: Bloomberg Business News

certainty over President Bill Clinton's health-care reforms in the United States, has prompted stockholders to take a far more bearish view of the pharmaceuticals sector than was the case only a few months ago. Nomura Securities recently advised its clients to sell their holdings in the British drug companies Glaxo and SmithKline Beecham. At the beginning of February, Salomon Brothers withdrew its "buy" recommendation on the U.S. giants Merck and Pfizer.

One of the worst-hit companies has been Glaxo, which vies with Merck as the world's biggest drug company. Glaxo's share price on the London Stock Exchange has slumped by 13 percent in little more than a month. Its 655-pence-per-share price in early February represented a sorry contrast with its high of 900 pence (\$13) at the beginning of 1992. Guy Wood-Gush, a pharmaceuticals analyst at City Wood-Gush & Zocle Wedd in London, admitted that Glaxo's share price looks very cheap. But he predicted that it would continue to underperform the market because of uncertainty in the United States, Glaxo's biggest market.

"The thing that is hitting Glaxo and other companies is that Clinton's plans to encourage the U.S. managed-care sector will mean that purchasers will only buy the cheapest products," said Mr. Wood-Gush. "It is difficult to know yet what the U.S. policy will be but a price war does seem likely."

Glaxo has other problems. Its anti-ulcer

In Europe, governments are looking at ways of reducing the sums they spend on drugs.

medication Zantac is still the biggest selling drug in the world. But the U.S. companies Merck and Eli Lilly are threatening Zantac's dominance with their own products, known respectively as Pepcid and Axid. Competition from Losac, a drug made by Sweden's Astra, may also prove formidable. In a surprise change of tack, Glaxo has

just announced that it will re-enter the over-the-counter (OTC) market for nonprescription drugs, from which it withdrew in the late 1980s. This dismayed the stock market even more; financial analysts worried that the heavy investment Glaxo would have to make to re-establish itself in this market would depress the company's earnings per share.

However, Mr. Wood-Gush described the step as a "necessary move." Glaxo's reasoning is that the OTC market will grow as governments remove drugs from their lists of reimbursable prescription drugs.

Others drug companies have come to the same conclusion. Roche of Switzerland has made OTC business a strategic priority, paying \$321 million in 1991 for Nicholas, then a British subsidiary of U.S. conglomerate Sara Lee that manufactures Remmie, Europe's best-selling brand of indigestion tablet. The company is now Europe's fourth biggest OTC drug supplier, after Sanofi/Sterling, Rhône-Poulenc, Rorer and Bayer.

Roche is rated a "buy" by J.P. Morgan Securities, partly on account of its push into the European OTC market. The stockbroker

expects the harmonization of Europe's laws governing the sale of nonprescription drugs to give a further boost to this market. At present, OTC products can be sold by groceries in Germany, but only by pharmacies in France.

Another major factor in valuing a drug company is the lifespan of the patents it holds. When a patent on a successful drug runs out, competitors will quickly come in with "generic" substitutes. This will happen to Glaxo's Zantac in the United States in 1995 if the company loses its current legal battle over the terms of its two U.S. patents. Glaxo's lawyers are arguing that the longer-running of the two patents, which expires in 2002, should deter competitors from launching generic substitutes to Zantac. Other drug companies are hoping the field will be opened up with effect from 1995, when the first of the two patents expires. Earning Refsum, an analyst at Nomura Research in London, said that it was "anyone's guess" whether Glaxo would win.

The management of Roche knows well how hard the loss of a patent can affect a drug company that has not prepared adequately. In the mid 1980s, the expiry of Roche's patent on Valium left the company facing the need for rapid diversification to make up for the loss of profits from its wonder drug. Profits languished while it struggled to adjust.

ACCORDING to J.P. Morgan analysts, Roche now has a relatively young portfolio of products, only 8 percent of which stand to be affected by patent expiries before the end of 1993.

Another litmus test investors can apply to pharmaceutical companies is to rank research and development spending as a proportion of sales. On this reading, Roche scores highly, devoting \$955 million to R&D in 1991, or 23.1 percent of pharmaceutical sales. In that same year, Pfizer of the United States spent 20.1 percent of sales on R&D; Merck, 13.7 percent; Glaxo, 14.1 percent; and Roche's Swiss rival Ciba-Geigy, 16.7 percent.

Of course, there is no guarantee that a huge R&D budget will produce a miracle drug or that a modest research budget will fail to do so. The companies that have succeeded in the past are those that have deftly marketed their wonder drugs effectively, but have not rested on their laurels. In the harsh new world of budget deficits and health-care cuts, that formula still looks sound.

A Handicapper Rates Newsletter Touts

By Michael D. McNickle

WHO could refuse a newsletter's offer to help readers make up to 600 percent on a "proven" investment strategy? That's the claim of just one out of hundreds of thriving publications in the United States specializing in providing financial advice.

Testimonials to the success of the tip sheets from "company presidents, accountants and investors" abound, even though such customer touts are illegal for investment advisers registered with the Securities and Exchange Commission, as well as most state securities cops. But even if a firm is registered, and complies with regulations, there is still no guarantee it will furnish useful investment recommendations. Moreover, newsletters that do not manage money at all are exempt from SEC rules, and can claim anything they want.

How do you find a respectable newsletter with a good track record? One way is to contact the man whom many newsletter publishers hate, Mark Hulbert. Mr. Hulbert publishes the Hulbert Financial Digest, based in Alexandria, Virginia. It gives current and historical total returns, as well as the risk ratings on more than a hundred of the most widely read and influential newsletters.

Louis Navellier, the top-rated publisher of the MPT Review, notes, "The industry as a whole tends to sell on greed or fear, and a lot of newsletters are entertainers versus credible analysis. Hulbert helps separate the wheat from the chaff..." he has really been responsible for making us all much more professional.

Ratings may play an increasingly important role in the newsletter industry, which, including all categories (investment, noninvestment and general topics), is now a \$2 billion industry with roughly 20,000 titles. Financial newsletters are estimated to be a \$100 million segment. Mike Kibler, membership director of the Newsletter Association in Rosslyn, Virginia, notes there are now about 614 financial newsletters being published. However, he says, Mr. Hulbert is "the only one" rating them.

Picking a good newsletter, Mr. Hulbert says, should involve "looking at performance over a very long time, a minimum of five years... the key is over an entire market cycle. You want to include a bear and a bull market," so you can see what the letter can do in different economic conditions.

"Secondly," he said, "I tell people to look at performance in relationship to the amount of risk that's been incurred in the process. If a letter did twice as well, but took five times as much risk, then actually doing twice as well wasn't all that impressive."

With the wide variety of investment theories and strategies employed by newsletters, Mr. Hulbert says investors should try to find one they feel "comfortable following." He said, "It's no good follow-

ing it, even if it has a good record, if you're not going to feel comfortable following it; you're just not going to follow its recommendations no matter how much you think you ought to."

After years of studying newsletter performance, has Mr. Hulbert

The industry as a whole tends to sell on greed or fear.

spotted the most successful investment approach? No, he says. When it comes to the various philosophies of making money, "I'm an agnostic; I rate them solely on performance."

So who performs? The guru of guru says the high scorer over a 12½-year period ending Dec. 31 was The Chartist, a Scal Beach,

total return of 763.3 percent for the Survey, and 678.6 percent for the Special Situations letter.

Value Line's Survey uses about half a dozen factors to rate the 1,700 stocks it covers, including everything from the long-term history of relative earnings to earnings momentum and quarterly comparisons.

Samuel Eisenstadt, Value Line's research chairman, says, "The definitive word to describe the Survey is disciplined quantitative. I think that's what differentiates Value Line from the many others that are out there. It selects stocks by numbers."

Mr. Eisenstadt adds that the other top performer, OTC Special Situations, specializes in analyzing small emerging growth stocks and making selections of the ones that appear undervalued relative to their growth over the next three to five years. He says these stocks

system of stops," or sell orders at predetermined levels.

A second letter, the Zweig Performance Ratings Report, "provides computer-generated reports on how individual stocks are expected to perform relative to each other," according to data on both letters furnished by Mr. Zweig's office.

Low on the ratings is Al Frank's newsletter, The Prudent Speculator, with a return of 509.2 percent. Mr. Frank touts for "bargain stocks," which he defines as "undervalued and often out of favor. But he does favor a widely diversified portfolio, "25 to 30 or more," and adds that about 25 percent of the "stocks we pick do not become profitable and the ones that do, more than make up for the losers."

Shorter term, Mr. Hulbert's rankings list a handful of "top performers over the past three and five years. James Collins' OTC Insight, of Moraga, California, was the leader in the five-year ratings, with total return of 371.1 percent, and was third in the three-year period with returns of 178.3 in the model portfolio.

Mr. Collins says the investment strategy the newsletter employs is basically "bottoms up." He adds that while the emphasis is "fundamentalist," the letter uses a quantitative computer screen to sort through about 2,000 NASDAQ stocks.

James Oberweiss's newsletter, The Oberweiss Report, is based in Aurora, Illinois, and was second on the five-year rating at 359.6 percent, and came in first in the three-year rankings with 192.6 percent. Mr. Oberweiss "looks for companies where sales and revenues are growing at a 30 percent rate or faster."

Third in the five-year rating, at 343.3 percent, and fifth in the three-year ranks, at 148.4 percent, is BI Research, a one-man outfit run by Thomas Bishop, who tends to keep his selections limited to about eight picks a year out of a portfolio that on average includes a dozen stocks. An avowed fundamentalist, Mr. Bishop says he likes making his picks "the old-fashioned way."

Mr. Navellier's MPT Review is fourth in the five-year ranks, with a 317.1 percent return. He uses modern portfolio theory to construct a portfolio, "like an aggressive-growth mutual fund." However, he adds that with compounded annual returns of 33 percent a year, the results "are probably just as good as some of the best small-cap funds out there."

For technology addicts, particularly those in the medical segment, there is the five-year, fifth-ranked Medical Technology Stock Letter, with 916.6 percent; the letter is fourth in Mr. Hulbert's three-year rating, with a return of 177.9 percent.

One last point. If you select a newsletter based on a Hulbert rating listed in an advertisement, be careful. Some newsletters have been known to fudge their Hulbert ratings, too.

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DAVE BARRY

It's Tax Relief Time!

Miami — O.K., middle-class taxpayers! April 15 is right around the corner! Time for your Tax Relief!

Bigger Than Life: So What's the Fuss?

By Bernard Weinraub

LOS ANGELES — It was just a few days before Arnold Schwarzenegger flew to New York to start filming in the real Times Square.



A balloon of Arnold Schwarzenegger, a promotion for "Last Action Hero," looms above Times Square.

University of Wisconsin and with an unerring sense of knowing how to sell himself, Schwarzenegger is on the phone about his production company, Oak Productions.

PEOPLE

Murich Is Up in Air To Back Famous Chef

One of Germany's most celebrated chefs, Eckart Witzigmann of the famous Munich restaurant Auberger, admitted Friday at the opening of his trial on drug charges that he had been a cocaine user.

Whitney Houston and her husband, fellow singer Bobby Brown, are the parents of a baby girl.

The director of "A Place in the World," the first film to have an Oscar nomination, resided, has filed suit for reinstatement.

Katharine Hepburn has been hospitalized for exhaustion. The 85-year-old actress will spend a few days in a Hartford, Connecticut, hospital.

Princess Diana was greeted by thousands of bare-footed villagers when she arrived by helicopter at the sixth-century town of Panauti, Nepal.

INTERNATIONAL CLASSIFIED Appears on Pages 4, 9 & 21

WEATHER

Weather forecast section including tables for Europe, Asia, North America, and Latin America, with a central map of the United States.

SOUND OUT THE SONGS By Betty Jorgensen

Crossword puzzle section with a grid and a list of clues for words related to music.

BOOKS

POET AND DANCER

By Ruth Praver Jhabvala. 199 pages. \$19.95. Doubleday. Reviewed by Francine Prose

administer a series of nasty, chilling little shocks. At the center of "Poet and Dancer" are two princesses in a tower: a plain, stolid, pathologically loyal young woman named Angel, and her pretty, seductive, willful and pathologically destructive cousin, Lara.



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